

market meandered, as Presidents Bush and Clinton raised taxes and imposed regulations.

But a steadfast Alan Greenspan brought the inflation rate down to virtually zero today from roughly 5% at the beginning of the 1990s. Along with bringing down interest rates, this has sharply lowered the effective tax rate on capital gains (which reflect inflation as well as real growth in the value of assets) to about 30% from 80%, providing a tremendous boost for the high-risk technology investment that has become the engine of our new information economy. In effect, Mr. Greenspan's disinflationary tax cut neutralized the Bush-Clinton tax hikes.

The Republican Congress elected in 1994 put an end to the high-tax and reregulatory policies of Mr. Clinton's first two years. Mr. Clinton himself morphed into a middle-of-the-road president who signed a capital gains tax-rate cut, welfare reform, a balanced budget plan, the Mexican free-trade agreement and other trade-expanding measures. All these actions helped the stock market to soar.

Meanwhile, information technology took off. The capital gains tax cut and low interest rates intensified Schumpeterian gales of creative destruction. Low interest rates create much more patient investment money. Low discount rates also lead to high price-earnings multiples, something the stock market understands even if its critics do not.

The 1980s witnessed a technology surge, based mainly on advanced computer chips, cellular telephones and personal computers. In the 1990s all this was improved, but the big push has come from innovative and user friendly software and Internet commerce. Though the government's reports of gross domestic product take little account of these developments, the stock market knows full well how important these technologies will be to future earnings, productivity, real wages, growth and wealth creation.

In fact, a significant gap has opened between the performance of the Dow Jones Industrial Average, comprised mainly of old-economy companies, and the new-economy Nasdaq. Since 1990 the Nasdaq has outperformed the Dow by 271 percentage points. Over the past year, the Nasdaq has increased 36%, while the Dow has gained only 16%.

Amidst all the bull-market prosperity, another starting development has occurred: the emergence of a new investor class. Numerous surveys report that roughly half of all Americans own at least \$5,000 worth of stocks, bonds and mutual funds. The investor class surely wishes to keep more of what it earns in order to bolster savings that can be invested in high-return stocks. This is why unlimited universal individual retirement accounts may be the sleeper tax issue of the next few years.

Roth IRAs—which currently invest after-tax deposits that will never be taxed again so long as the money is withdrawn at retirement—could be expanded to include redirected Social Security contributions and penalty-free withdrawals for health care insurance, education, home buying and employment emergencies.

This might be the single most popular tax reform among the shareholder class. By eliminating the double and triple taxation of saving and investment, this approach opens a back door to the flat tax, setting the stage for future tax cuts, individual ownership of Social Security contributions and other free-market policies.

OVERSIZED POWERS

What a difference a century makes. The 1890s saw a painful and costly depression that was principally caused by government policies such as high tariffs and an inelastic

currency. Politicians reacted by discrediting free-market economics; in its place, they moved toward a regime of oversized government powers and diminished personal liberty—a movement that was interrupted only briefly in the 1920s.

From Theodore Roosevelt's trustbusting to Wilson's tax hikes, Hoover's tariffs, FDR's early entitlement programs, all the way to LBJ's Great Society and Nixon's funding of it, economic freedom suffered and prosperity was sporadic. The century was filled with Keynesian nostrums that seldom delivered the goods.

The dominant event of the late 20th century is the bull-market prosperity of the 1980s and 1990s. This was caused largely by a shift back to free-market economics, a reduction in the role of the state and an expansion of personal liberty. At the turn of a new century, taking the right road will extend the long cycle of wealth creation and technological advance for decades to come. By 2020 the Dow index will reach 50,000, and the 10,000 benchmark will be reduced to a small blip on a large screen.

NEBRASKA LEGISLATURE CALLS FOR FOUR-YEAR HOUSE TERMS

HON. LEE TERRY

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 18, 1999

Mr. TERRY. Mr. Speaker, on March 3, 1999, the Nebraska Unicameral Legislature passed Legislative Resolution No. 10. The resolution petitions Congress to amend the Constitution to increase the terms of members of the House of Representatives to four years.

This is a matter that merits serious debate and consideration. I call the text of the Resolution to the attention of my colleagues, as follows:

NEBRASKA UNICAMERAL LEGISLATURE,
NINETY-SIXTH LEGISLATURE,
Lincoln, NE, March 4, 1999.

Hon. LEE TERRY,
U.S. House of Representatives,
Washington, DC.

DEAR CONGRESSMAN TERRY: I have enclosed a copy of engrossed Legislative Resolution No. 10 adopted by the Nebraska Unicameral Legislature on the third day of March 1999. The members of the Legislature have directed me to request that the petition be entered into the Congressional Record.

Please feel free to contact me with any questions you may have regarding Legislative Resolution No. 10.

With kind regards,

Sincerely,

PATRICK J. O'DONNELL,
Clerk of the Legislature.

Enclosure.

NINETY-SIXTH LEGISLATURE, FIRST SESSION,
LEGISLATIVE RESOLUTION 10

Whereas, members of and candidates for the United States House of Representatives are elected every two years virtually requiring continual campaigning and fundraising; and

Whereas, the delegates to the 1788 Constitutional Convention discussed whether the term of office for a representative should be one year or three years and compromised on a two-year term; and

Whereas, communications systems and travel accommodations have improved over the last two hundred years which allows quicker and easier communication with constituents and more direct contact;

Whereas, the American people would be better served by having the members of the House of Representatives focus on issues and matters before the Congress rather than constantly running a campaign; and

Whereas, a biennial election of one-half of the members of the House of Representatives would still allow the American people to express their will every two years: Now, therefore, be it

Resolved by the members of the Ninety-Sixth Legislature of Nebraska, First Session:

1. That the Legislature hereby petitions the Congress of the United States to propose to the states an amendment to Article I, section 2, of the United States Constitution that would increase the length of the terms of office for members of the House of Representatives from two years to four years with one-half of the members' terms expiring every two years.

2. That official copies of this resolution be prepared and forwarded to the Speaker of the House of Representatives and President of the Senate of the Congress of the United States and to all members of the Nebraska delegation to the Congress of the United States, with the request that it be officially entered in the Congressional Record as a memorial to the Congress of the United States.

3. That a copy of the resolution be prepared and forwarded to President William J. Clinton.

IN RECOGNITION OF THE FUTURE LEADERS OF COLORADO

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 18, 1999

Mr. SCHAFFER. Mr. Speaker, I rise today to recognize the participants of my first annual Young Adults Leadership Conference held in Weld County, Colorado. On February 27, 1999, 18 teenage students spent the afternoon participating in a political and networking seminar. Later that evening the students utilized what they had learned at the Weld County Republican Party Lincoln Day Dinner.

I am honored to have met the following participants: Jeff Armour, Sara Asmus, Darren Call, Deanna Call, Donnell Call, Brady Duggan, Kevin P. Duggan, Casey Johnson, Darrick Johnson, Trent Leisy, Tia McDonald, Jenny Moore, Christopher S. Ong, Mary Beth Ong, Helena Pagano, Elizabeth Peetz, Timothy Romig, and Jeff Runyan.

I established the Leadership Conference to encourage political participation by the younger generation. At the conference, elected officials and community leaders led the students in discussing several different aspects of politics. Greeley Councilman Avery Amaya began the seminar with a discussion of local politics. Avery was followed by Bill Garcia, a political consultant, who spoke about political polls.

Lea Faulkner, a local media personality and former Greeley City Council member, conducted a hands-on learning experience about networking skills. The participants also had the opportunity to discuss issues with Colorado State Senator Dave Owen. Additionally, Anne Miller, Chairperson of the Colorado College Republicans invited the students to attend in the College Republican's next meeting.

I, too, had the honor of visiting with the students. We discussed the importance of good communication and how all effective organizations must communicate well.